

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF DEMA GAS COMPANY)	
FOR RATE ADJUSTMENT PURSUANT)	CASE NO.
TO THE ALTERNATIVE RATE FILING PROCEDURE)	91-230
FOR SMALL UTILITIES)	

O R D E R

On July 16, 1991, Dema Gas Company ("Dema") filed its application for Commission approval of a proposed increase in its rates for gas service. The proposed rates for gas service would generate additional annual revenues of approximately \$16,170, an increase of 114.21 percent above normalized test-year revenues.

On August 21, 1991, Commission Staff conducted a financial review of Dema's test-period financial records. Based upon this review, Commission Staff issued its report on December 17, 1991, recommending an increase of \$16,711 in annual revenues.

On December 19, 1991, the Commission allowed Dema 15 days in which to file comments on the Staff Report or request a hearing. On December 23, 1991, Dema advised the Commission of its acceptance of Commission Staff's recommendations and requested Commission approval of those recommendations.

The Commission, after considering the evidence of record and being otherwise sufficiently advised, finds that:

1. The recommendations and findings contained in the Staff Report, with the exception of those relating to the proposed late

payment penalty, are supported by the evidence of record, are reasonable, and are hereby adopted as the findings of the Commission in this proceeding and are incorporated by reference as if fully set out herein.

2. Dema failed to publish proper notice of its proposed late payment penalty as required by Commission Regulation 807 KAR 5:011, Section 10. Its published notice fails to list the proposed late payment fee. The proposed late payment penalty, therefore, should be denied without prejudice. Dema may reapply for approval of such fee upon a showing of proper publication of notice.

3. The rates set forth in Dema's application will not produce sufficient revenues to allow Dema to meet its operating expenses, service its debt and provide for future equity growth and should therefore be denied.

4. The rates in Appendix A, attached hereto and incorporated herein, are the fair, just, and reasonable rates for Dema. These rates are the rates recommended by the Commission Staff Report as adjusted to reflect all purchased gas adjustments through Case No. 89-100-J.¹ They will allow Dema sufficient revenues to meet its operating expenses and provide for future growth equity, including provisions for servicing its debt.

IT IS THEREFORE ORDERED that:

1. The rates set forth in Dema's application are denied.

¹ Case No. 89-100-J, Notice of Purchased Gas Adjustment Filing of Dema Gas Company, Inc., Order dated October 31, 1991.


2. The rates contained in Appendix A are approved for service rendered by Dema on and after the date of this Order.

3. All terms and conditions set forth in Dema's proposed tariff, except for those rejected herein, are approved for service rendered by Dema on and after the date of this Order.

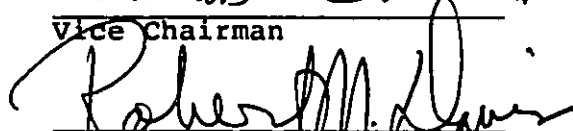
4. Within 30 days of the date of this Order, Dema shall file with the Commission its revised tariff setting out the rates approved herein.

Done at Frankfort, Kentucky, this 15th day of January, 1992.


PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 91-230 DATED JANUARY 15, 1992

The following rates and charges are prescribed for the customers in the area served by Dema Gas Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

0-1 Mcf	\$10.97
All over 1 Mcf	9.77/Mcf
Reconnection Fee for Nonpayment	\$35.00
Reconnection Fee for Reestablishing Service	50.00
Transfer of Service Fee	25.00
Collection Fee for Delinquent Bills	15.00
Returned Check Fee	20.00
Connection Fee for Mobile Trailer (where service line, meter loop, etc. are in place)	25.00
Connection Fee for Mobile Trailer (all other cases)	75.00